



PLEASE CIRCULATE

IT'S THAT TIME AGAIN - HURRICANE SEASON

June 1st marks the beginning of hurricane season which runs through November 30th.

Hurricane Ivan came ashore in Gulf Shores, Alabama on September 16, 2004 creating approximately 2500 new claims for the State Insurance Fund. Reserves are currently at \$32 million. Fortunately the State Insurance Fund is protected by Excess Insurance which should reimburse everything except a \$3,500,000 deductible.

In 2005, Hurricanes Dennis (7/10/05) and Katrina (8/29/05) resulted in claims totaling approximately \$700,000 and \$24 million, respectively to the State Insurance Fund. These losses are subject to a \$5 million per Named Storm deductible by our Excess coverage.

The Department of Atmospheric Science at Colorado State University has released its Extended Range Forecast of Atlantic Seasonal Hurricane Activity and U.S. Landfall Strike Probability for 2006.

As of April 4, 2006, it is as follows:

- 17 Named Storms (9 Hurricanes; 5 Intense Hurricanes)
- Landfall Probabilities for a Major Hurricane (Category 3, 4, or 5):
  - Entire U.S. Coastline
    - Average for past century 52%
    - 2006 Forecast 81%
  - East Coast plus Florida Peninsula
    - Average for past century 31%

2006 Forecast	64%
Gulf Coast (Texas to Florida Panhandle)	
Average for past century	30%
2006 Forecast	47%
Caribbean	
Above average risk	

Preparations should be made well in advance of a storm in order to mitigate any resulting losses. The following suggestions are offered:

Pre-Hurricane Planning

- Staff and train an Emergency Response Team whose members would be available prior to a storm, to implement the Action Plan and to respond after the storm for clean-up and salvage operations.
- Have on hand the telephone numbers and contacts for local offices of emergency preparedness (Civil Defense). Contact them in advance to plan and coordinate activities before the need for emergency action.
- Arrange back-up communications such as two-way radios or cellular phones, and have spare batteries and a diesel-driven emergency generator on site.
- Order emergency supplies and maintain them throughout the hurricane season.
- Inspect roof coverings and flashing and repair as needed.
- Identify and consider the removal of large trees that could fall and damage buildings or power and communication lines.

## Impending Hurricane

Use the two or three day advance warning system the National Weather Service gives to begin taking action consistent with your emergency plan.

- Initiate implementation of your emergency action plan. Begin taking steps to shutdown operations if necessary.
- Make sure gutters and drains are free of debris so that they will function properly.
- Check/maintain all necessary back-up equipment such as emergency generators and communication devices.
- Install hurricane shutters/plywood over windows and doors. Tape windows that are not boarded up.

## After The Hurricane

- Secure the site.
- Survey for damage. If there is damage, call Risk Management promptly!
- Survey for hazards such as live wires, leaking gas, flammable liquids, etc.
- Begin salvage as soon as possible to prevent further damage. Cover broken windows and torn roof coverings immediately.

By planning ahead, you may prevent or minimize hurricane damage. For more information, please contact our office, the Emergency Management Agency, or the American Red Cross.

### *Wise Words*

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## **PREPARING FOR HURRICANE SEASON**

### **Resources Available On The DORM Website**

Preparation is critical to preventing and minimizing the losses associated with a hurricane. Losses can take several forms including property, life, liability and business interruption. Research studies have repeatedly demonstrated the value and effectiveness of planning and preparation for severe storms. A significant portion of the Loss Control section of the DORM website has been dedicated to Hurricane and Disaster Response. Topics include Emergency Preparedness/Disaster Readiness; Hurricane Planning Guide, and Disaster Response and Your Safety. These articles provide administrators, facility managers, supervisors and emergency responders with simple yet proven methods for preventing and mitigating storm losses. The recommendations are generic and can be applied in most any setting. Check lists are included and provide an easy means to determine the current state of preparation and identify areas which need attention. Links to other related websites can be accessed including FEMA and the American Red Cross. We urge you to take a moment to look over this information. All information is provided free of charge and can be downloaded and copied. The website address is [www.riskmgt.state.al.us](http://www.riskmgt.state.al.us).

**Visit our web site at:**  
**<http://www.riskmgt.state.al.us>**

# TIME TO CERTIFY PROPERTY INSURANCE

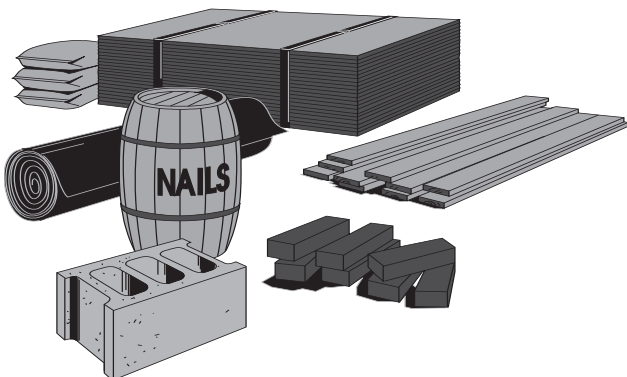
The State Insurance Fund certifications were mailed March 31, 2006. It is important that our certified copy be returned by June 30, 2006, to allow our office plenty of time to update values prior to October's renewal. Please follow the instructions enclosed with the certification. Changes which occur during the fiscal year such as renovations to existing buildings, new buildings, purchase of new computers or other equipment, demolition or sale of buildings should be reported promptly to our office to ensure adequate coverage. If you have any questions, call Dale Whittle at (334) 223-6139.

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## REPORTING NEW CONSTRUCTION

This is a reminder that newly constructed buildings should be reported to Risk Management as soon as you take possession of the building. This also applies where an addition has been added to an existing building. Keeping your Property Schedule updated protects you in the event a claim needs to be filed and prevents our Claims representatives from having to deny a claim for an unreported building. Remember to complete a Self Inspection and Property Insurance Request form, available from our website. Once completed you may mail or fax the form to Dale Whittle at Risk Management, and if you fax the form please remember to mail or email a photo so we can have it on file for future reference.

If you have any questions, please contact Dale Whittle at (334) 223-6139.

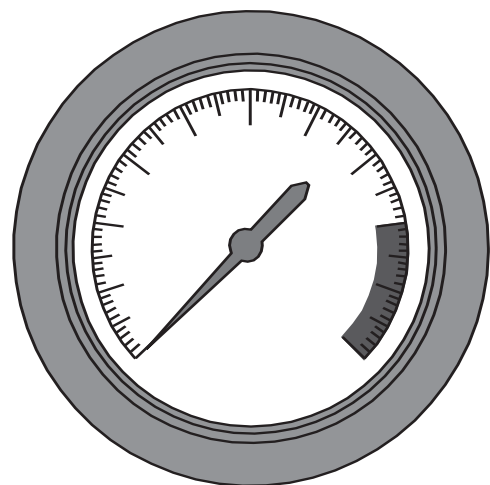


# YOUR RESPONSIBILITY REGARDING BOILERS & PRESSURE VESSELS

The State of Alabama passed The Boiler and Pressure Vessel Safety Act (Alabama Code §25-12-1, et seq) in 2000 and the rules and regulations were implemented in February 2004. Basically the Act requires all boiler and pressure vessels (fired or unfired) to be inspected with some exceptions. The St. Paul Travelers Insurance Company is making the required inspections as the Act requires the insurance carrier to complete the inspections and submit reports to the Alabama Department of Labor before an operating certificate can be issued by the State. The following is a list of jurisdictional objects that requires inspections but is not limited to them:

- High Pressure Steam Boilers (over 15 PSI)
  - Low Pressure Steam Boilers ( 15 PSI or less)
  - Hot Water Heating Boilers
  - Hot Water Supply Boilers
  - Fired Storage Water heaters 200,000 BTU/HR and over or 120 gallons and over (gas or electric)
  - Unfired Pressure Vessels 5 cubic feet or more (Air Tanks do not require an inspection until they exceed 16 cubic feet or 120 gallons).
- Examples are hot water tanks, heat exchangers, DA tanks, etc.

If you have a question regarding the jurisdictional inspections, you should contact DORM as the required operating certificate is your responsibility.



## **SIF COVERAGE CHANGES OCTOBER 1, 2006**

The State Insurance Fund purchases Excess Insurance to protect the solvency of the Fund in the event of catastrophic losses. Our April 1st renewal contained more limitations and restrictions on coverage than ever seen before. We must therefore pass these coverage changes to you.

- Piers, docks, wharves, beach or diving platforms and boardwalks will be excluded on coastal properties; however non-coastal items in this category will be covered.
- Flood coverage will no longer be extended through the SIF for catastrophic losses. Please remember to purchase flood coverage through the National Flood Insurance Program up to the amounts at risk or the maximum amounts available. Contact our office for an agent referral.
- The excess insurance market for windstorm has reduced considerably. We were unable to secure favorable terms and we now have a self insured retention (SIR) of \$10,000,000 per Named Storm. The first layer of the excess coverage including windstorm is not completely filled. As a result, we

will retain 27.5% of the first \$25 million and 25% of the second \$25 million. The price has almost doubled. This means that in FY 2007-08, your premiums in the affected windstorm areas will increase substantially. We will provide you with these increases in time for budgeting or by July 2006.

- Terrorism: We are getting a comparison from other states as to coverage, limits, deductibles and premiums. We will then decide to continue coverage or not, after October 1, 2006.
- The Insurance Fund will no longer provide Boiler & Machinery coverage at no charge. However, we anticipate the premium charged will be much less than what you would pay in the private sector.
- Experience Rating: Effective FY 2007-2008, five year premium and loss experience will determine a negative or positive premium adjustment based on each agency's results.

We will continue to provide the best coverage available at the lowest cost possible. Please feel free to call should you have any questions.